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C O N F I D E N T I A L SECTION 01 OF 03 SUVA 000372

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TAGS: [PREL](#) [ECON](#) [ETRD](#) [MARR](#) [FJ](#) [CH](#)
SUBJECT: FIJI "LOOKING NORTH" TO CHINA - DOES THE REALITY
MATCH THE RHETORIC?

REF: A. 06 SUVA 156

[1](#)B. SUVA 354

[1](#)C. SUVA 353

Classified By: DCM Ted Mann, per 1.4 (B) and (D)

Summary

[1](#)1. (C) The appointment of Sir James Ah Koy to be Fiji's next Ambassador to China has fueled renewed discussion about attempts by the Fiji interim government (IG) to gain assistance from China in place of aid from Australia, New Zealand and other donors. Ah Koy says Fiji hopes to borrow up to USD \$155 million from the PRC at concessionary rates. It also hopes to bring in hundreds of thousands of Chinese tourists. Ah Koy has targeted Chinese investors and farmers to help develop infrastructure and Fiji's agricultural sector, respectively. Finally, Fiji has nominated military spokesman Major Neumi Leweni to serve in Fiji's Embassy in Beijing, apparently in an effort to build stronger military to military relations. The PRC Embassy in Beijing is downplaying prospects for vastly increased aid or for any significant influx of Chinese tourists. The PRC hopes to increase assistance to Fiji over the next several years, but PRC Embassy staff insist China has no interest in trying to fill in the aid gap caused by the IG's poor relations with other donors. PRC Embassy staff say Beijing has not approved the establishment of a defense attache position at Fiji's Embassy in Beijing. End summary.

Ah Koy Says Chinese Aid, Tourism Can
Replace Links with Australia, NZ

[1](#)2. (SBU) Ever since Fiji's interim government (IG) nominated Sir James Ah Koy to be Fiji's next Ambassador to China earlier this month, Ah Koy has been on a public relations offensive. He has stressed the importance of Fiji-China relations, implying that Fiji needs to turn away from long-time development and trading partners Australia and New Zealand in favor of the PRC. Ah Koy is a former Finance Minister, one of Fiji's leading businessmen, and the U.S. Embassy landlord. He is half ethnic Chinese and has numerous business interests in China.

[1](#)3. (U) In numerous interviews and IG press releases this month, Ah Koy has noted Fiji's intention to apply for FJ\$240 million (about US\$155 million) from the RMB 3 billion (about USD 400 million) soft loan facility for Pacific Island States that Chinese Premier Wen Jiabao announced during his visit to Nadi last year (ref A). Given the size of Fiji's economy compared to the other countries in the Pacific, the amount Fiji is asking for (about 40% of the total facility) is

reasonable, said Ah Koy. Ah Koy said the funds, at a concessionary 2% rate for 20 years with a five year grace period, would be used for road construction, water projects, shipyards, and housing. He downplayed problems related to PRC conditions attached to the loan, including a Fiji government guarantee requirement, saying "we'd be fools" not to take up the opportunity offered by the PRC loan program.

¶4. (U) A second major theme of Ah Koy's public statements has been the need to increase Chinese tourism to Fiji. Ah Koy told reporters July 9 that an extra marketing allocation given by the IG to the Fiji Visitors Bureau should be spent in China, and not in Australia and New Zealand as planned. Ah Koy said if 2% of the 31 million PRC nationals who travel abroad each year were to come to Fiji, that would result in an influx of 620,000 tourists - more than the visitors bureau total global target this year. In a July 17 interview in the Fiji Times, Ah Koy was even more explicit about his hope that Fiji will focus on China instead of other traditional tourism markets. "Tourism is a quick-fix solution to our economic woes and needs to be supported. We are being shunned by New Zealand and Australia so we need to cut the umbilical chord with them and look elsewhere. We have been treated as a pariah by these two countries so it would be wise to look elsewhere. We did not ask to be treated like a leper." Ah Koy called on the Fiji Immigration Department to relax entry requirements for Chinese nationals, allowing visa free entry for short-term visits, as is currently given to citizens of Australia, NZ, the United States and several other countries.

Trade, Agricultural Ties

¶5. (U) Ah Koy is promoting increased trade ties between Fiji

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and the PRC. China, he told reporters July 17, is a "one stop shop" for Fiji's import needs, and should be chosen over Fiji's traditional Australian and New Zealand suppliers. "It does not make sense at the moment because of the fractured relationship we have with New Zealand and Australia, to spend our meager dollars in that (sic) market..." Ah Koy is leading a trade and investment delegation to China in August in his current role as Chairman of the Fiji Trade and Investment Board. Ah Koy has also endorsed the "Go Farm Fiji" initiative approved by the interim cabinet July 3 (ref B). That initiative involves having Chinese farmers develop unused farmland under a "build, operate, transfer" (BOT) arrangement, after which the land would be returned to Fijian landholders. Funds for this agricultural development would be drawn from the PRC soft loan facility.

Bainimarama Jumps on the Bandwagon

¶6. (U) In a speech July 20, Interim PM Bainimarama noted the strength of China-Fiji ties. He struck several of the same themes as Ah Koy, including Fiji's desire to tap into the PRC soft loan facility for the Pacific, and to attract tourists from China. Bainimarama said the IG had decided to relax certain visa requirements for PRC citizens in order to make it easier for Chinese tourists to visit Fiji. He did not give specific details on the new procedures.

Some See Danger in Growing PRC Influence: Military Pursuing Tiananmen Tactics?

¶7. (C) Not all local observers are as positive as Ah Koy about the perceived improvement in Fiji-China relations. One of the points made by several former Members of Parliament who met with Codel Payne in early July was the danger of closer Fiji-China ties (ref C). If Fiji can count on higher levels of aid from the PRC in the coming years, they said, the pressure from Australia, New Zealand, the EU and other donors to hold early elections and resume a democratic form of government will be much less effective. The MPs urged the United States to press the PRC not to provide increased aid to the IG.

¶8. (SBU) One critic of the IG even raised the image of the 1989 Tiananmen crackdown to describe the impact of closer PRC-Fiji ties. Unionist Taniela Tabu, engaged in a war of words with the IG over a labor dispute, said television footage of military exercises in preparation for a possible strike reflected Chinese influence. "Those intimidating tactics (of the military) is similar to the brutal force used by communist China at Tiananmen Square in 1989 where their armed forces killed hundreds of democratic protesters," he said. The PRC Embassy in Suva felt compelled to respond to this attack, stating in a July 24 press release "it is totally wrong and absurd to link this (exercises by the Fiji military) with the incident at Tiananmen Square."

PRC Embassy Downplays IG Rhetoric

¶9. (C) PRC Embassy Charge Fei Mingxing and Public Affairs Officer Hu Lihua told us July 20 that much of the rhetoric from Ah Koy and others does not match reality. China wants to fulfill commitments it made to Fiji during Premier Wen's visit, said Fei. That means implementing a number of stalled projects and finding new projects that could be supported by the RMB 3 billion soft loan facility for the Pacific. Unfortunately, the IG has come forward with very few workable proposals. In the months immediately after the coup, he said, there was relatively little contact between the PRC Embassy and the IG. In recent weeks there have been more discussions, but talks remain quite preliminary. Nothing has been nailed down.

¶10. (C) Fei insisted that China has no intention of trying to fill the void caused by the withdrawal of donor assistance from Australia, New Zealand, the EU and others. "Why would we want to do that?" he asked rhetorically. Fei said the PRC's "neutral" policy toward Fiji and its commitment not to be involved in "Fiji's internal affairs" means that while the PRC won't condemn the IG for its actions, it won't fully endorse them either. The IG, therefore, should not expect unlimited funding from the PRC, he said.

Tourism Prospects Are Dim

¶11. (C) Fei said he is far less optimistic than Ah Koy about

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the possibility of vastly increased tourism from China, though he noted that a charter flight filled with Chinese tourists would arrive in Nadi next month. Prospects for regular flights between China and Fiji are very dim, he said.

There simply is not enough demand to fill up the seats. Fei agreed with Ah Koy that Fiji has not been very welcoming toward Chinese visitors. The PRC embassy has long sought simplified visa requirements for PRC citizens, but Fiji's Immigration Department has been very unhelpful, said Fei. (Note: Bainimarama's announcement that visa requirements would be relaxed came after our meeting with Fei and Hu.)

Military Attache in Beijing? First We've Heard of It

¶12. (C) Fei said reports that RFMF Spokesman Leweni would accompany Ah Koy to China as his defense attache had caught the embassy by surprise. "Fiji can't just decide on its own to establish a defense attache position in Beijing. They need to ask our permission." Fei said the embassy had not yet received a communication from the IG about Leweni's posting. (Note: Interim Foreign Minister Nailatikau told reporters July 21 that Leweni would be sent to Beijing to fill an existing first secretary position, not to be defense attache, as Ah Koy had earlier indicated.)

Comment

¶13. (C) The PRC appears to be taking a cautious stance on Fiji-China relations and has said little publicly to encourage the rhetoric emanating from Suva. The interim

government clearly is looking for more help from China to help it through Fiji's current economic and diplomatic difficulties. It remains to be seen whether the PRC will prove to be the generous partner the IG is looking for. End comment.

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